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TRADE UNIONS AND EFFICIENCY

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The great majority of employers who boast of efficiency in their establishments do not deal with trade unions. Most employers who work with trade unions are dissatisfied with present-day efficiency. The largest employing group of all do not have efficiency, nor do they recognize labor organizations. Why this dilemma?

To the minds of many employers, the root of the evil has been in certain policies more or less advocated and practiced by trade unions. These policies are believed to have poisoned the morale of the whole wage-earning group. Analysis of the experiences which led to their adoption may very well clear the air and lead to practical suggestions which may indicate a way out of the dilemma. The policies are:

I. *Limitation of output.*—(a) In many lines of work it has been the general custom for the employer to release his men when a job is once done until another is in sight. To claim that the more work they do the more work employees will find to do flatly contradicts the bitter experiences of workers who have repeatedly been hired for one job and then dropped. It is clearly a case where a general economic truth finds little or no concrete application. A sound theory is cold comfort to a plasterer who knows full well that when so many square yards are plastered he must join the rest of the job-seekers. What is more logical than, in self-defense, to limit the amount of work that will be done in a day and to spread the work over more time? (b) With the introduction of “speeding-up” devices, whether piece rates, task and bonus payments, or the use of one fast worker as a “pace-setter,” the drive becomes the pace that kills. Again and again, when a high standard of output has been achieved, piece rates have been reduced to keep wages

at a moderate average. The resulting physical strain and nervous tension, and the unfairness in payments, have soon brought employees to seek methods of self-protection. Limitation of output has been the result.

II. *Limitation of apprentices.*—This means more work and better pay for those already employed. It protects aged workers from too strenuous competition with the youth. In a state of affairs where the first end of man must be to get and hold a job, and to get as much pay as possible, it is not strange that men band together to create a monopoly of their skill. Their lesson in the power of monopoly has already been well taught them. In a society where no adequate opportunity is offered to put by for age, it is natural for older men to cling desperately to jobs. The upshot of this has been limitation of apprentices.

III. *Collective agreements at uniform rates.*—The sacred right of workers to bargain individually with employers has been zealously defended—by employers who would preserve the liberty and equality of opportunity for employees. But *equality in bargaining power* cannot be so obtained. Inequality of bargaining power may be satisfactory to some; it is impossible if democracy, liberty, and justice are to be more than words. The worker must sell at once at the best possible price the one thing he has to sell—labor. The employer can generally pick and choose, and wait to obtain labor when he wants it, at a price agreeable to him.

To bring any approximation of equality into this situation, employees must stand together as one man in bargaining with managements. It is not easy to discharge, to replace, or to cut the wage rate of a whole working force. There is a stronger likelihood that a mutually self-respecting adjustment can be reached with a united group than with each worker separately.

In this collective agreement it is necessary and legitimate that the rights of all to a living wage be recognized. Where union men are signally deficient, there is no objection to replacing them with more satisfactory union men. But the right of all, regardless of skill, to enough to perpetuate and conserve sound vitality is established by a uniform rate. Objection to extra pay for more efficient work has been that either directly or indirectly it sets

a too exacting standard for all workers, leading to a lowered wage rate and to larger output (resulting the sooner in unemployment).

IV. *The union shop*.—A collective agreement is made with an *organization*. Its members have exerted themselves to create and maintain their organization and to conclude agreements with employers. They have to an extent equalized bargaining. To their organization should rightly be the fruits thereof. Those who would profit by the terms of agreement are with justification expected to have joined the union. To require such membership in fellow-employees as a part of a collective agreement is to establish a union shop (less accurately called "closed shop"). This renders secure the party of the second part, who can count upon his organization to enforce the conditions of collective agreement. Only so can they be enforced upon either workers or managers.

Those who confront this situation with the proposition that it takes away liberty of individual contract fail wholly to understand that the liberty of the manual worker is already exceedingly limited. It is limited by (a) skill in only one kind of work, or (b) no skill; (c) lack of appreciable savings, and (d) consequent urgency of earning money to support himself and his family; (e) inability to go far for work; (f) competition for what jobs there are.

V. *Sympathetic strikes*.—Frequently employees by themselves cannot secure conditions of equal bargaining. Organization to include employees in other concerns so that a whole class of workers can act together is necessary. When adjustment of troubles with one employer, by means of an employees' strike, is impossible, conditions of equality have been sought by asking employees in other similar concerns to join in a sympathetic strike. This was an especially equalizing force when unionism was weak and opposition strong. It had the effect of bringing the question before a larger tribunal, where less partisan judgment could have weight. Sympathetic strikes have been one more way by which employees have gained respectful and effective hearing. They are resorted to less and less frequently, as better machinery for conciliation and arbitration develops.

VI. *The walking delegate*.—He is the union agent in whom more or less power to make agreements and call strikes, both direct and

sympathetic, has been placed. Employers call in lawyers to secure collections, protect trademarks, and the like, in order to escape personal encounters and to secure expert help. But they have vehemently resented the intrusion of a representative to protect employees' interests. Direct intercession by workers on their own behalf has very often led to discharge and even to blacklisting. It is dangerous to be employed at the same time that one speaks for the employed. If employees would speak effectively, a third party is required. Enter the walking delegate, or, more correctly, the business agent. Chosen with an eye to his ability to state and carry his case, he has become skilled in representing employees in the most able fashion. Incidentally, the power of such officials to call strikes is being very much restricted by the unions themselves as better constitutional forms for the government of unions and of their relations with employers develop.

VII. *The boycott*.—A further cause of disruption pertains less directly to efficiency—the boycott. This is still another method of putting organized labor into an effective position in dealing with employers on equal terms. So far as it is only the organized power of consumers urging other consumers to refrain from dealing in certain goods it is a prerogative absolutely necessary and defensible. The place of the consumer in the control of industry is a vital one too long overlooked.

These facts emerge from our analysis. Management and workers are at odds in determining: (a) conditions of work; (b) hours; (c) base rate of wages; (d) "efficiency rate" above base rate, or ways of distributing profits; (e) methods of conciliation and arbitration; (f) tenure of employment; (g) what is a sufficient supply of skilled workers.

May not this be because (a) conditions of work have been determined solely by employers; (b) hours are settled upon by employers; (c) the base rate of wages is governed by "supply and demand" (which means that where workers are plenty the pay approximates a low subsistence wage); (d) efficiency rates of wages and profit-sharing plans are wholly optional with the employer; (e) where the foreman has absolute power of discharge and

discipline there is little chance for conciliation over grievances; (f) length of employment rests wholly in the employer's hands, dependent generally on volume of business; (g) there has been no comprehensive effort by the community to assure industrial training for citizens, or to determine accurately what type of skill is in demand?

Most important of all, may it not be that the employer has conceived that "this is my business," to do with as he sees fit? And in the pressure of competition he has felt forced to look out for "my business" with a single eye. And having to protect his own interests so predominantly, he has not realized that employees in self-defense were only resorting to tactics which grew from the same root—"every man for himself," "this is business we're running, not charity."

To give as good as you get may not be sound ethics. But employees, between the millstones of rising cost of living and the economy of employers, have not been in a position to learn or to teach "industrial peace," "identity of interests," or "co-operation." As a recent writer has put it: "Let us *all* dress and have dinner before we talk of morals."

One of the great strides of improvement that a more judicial attitude toward unionism and efficiency is bound to bring is that we shall frankly face facts that are now admitted only with reluctance. Such facts are that the present relationship between worker and manager does *not* conduce to harmony or efficiency; that there is no approach to identity of interest between the two; and that there is little or no effort to conduct this irrepressible conflict in constitutional and parliamentary rather than in military fashion. Bad blood and resort to strikes are frequent, and might with reason be more so. "Efficiency," maximum output, "looking out for the interest of the firm"—these are unceremoniously laughed out of union meetings.

Common-sense joins with business acumen and a more consistent interpretation of democracy in demanding that *unions have more to say about the conduct of business*, and that *the community assume its responsibility in setting the industrial stage in an orderly, statesmanlike fashion*. This will give opportunity to do to some

extent in industry exactly what we try to do in politics—express and carry our opinions by securing majority consent.

Concretely, this would probably mean some such state of affairs as this: (*a*) workers would have a voice (by crafts and industries) in deciding conditions under which they and their fellows work, the tools with which they work, the manner in which the work is done; (*b*) workers would have a voice in determining hours; only so can excessive monotony of work and fatigue be guarded against, and ample leisure be secured; (*c*) workers would have a voice in determining base rates of wages; (*d*) workers would have a voice in fixing efficiency rates, or in the division of the profits; this is an essential condition of protecting earnings when productivity increases; (*e*) machinery for full conciliation, arbitration, and appeal to strike to settle all the above questions, as well as to settle questions of discharge and discipline, would be provided; (*f*) when individual concerns had steadied their own work so as to offer regular employment so far as possible, workers would have resort to a thoroughly organized system of state and interstate labor exchanges; fares could be advanced by employers or the state when new jobs were in sight in distant places, but with all this there would be unavoidable idleness of willing workers; state unemployment insurance to offer benefits for ten or twelve weeks a year must be provided; (*g*) opportunity would be given on part or full time, till at least the eighteenth year, for all youth to get general cultural and technical equipment (with specialized instruction through employers).

One need know only the elements of psychology to appreciate that developments in the above directions are indispensable if we are to have conditions under which workers approach work and embrace methods of efficiency with real interest, zest, and sympathy. It is unnatural and well-nigh immoral to expect fidelity, obedience, and diligence in industry today. Any person conscious of his own nature will find ineradicable instincts which point the way to and reinforce the preceding suggestions as necessary, if the organization of industry is to be in harmony with familiar facts of human nature.

The instinct to possess what one creates or helps to create and to dispose of it as one sees fit is sound and must be reckoned with. It is completely at odds with a condition where one owns and another operates.

The instinct to slacken effort when the connection between effort and reward exists only in economic theory is normal to the human economy. Yet by far the largest part of our payment schemes provide only an approximate relation between effort and reward. And our payments to investors (interest, dividends, and rent) make no pretense at such relation.

The instinct to see a thing grow under one's hand, and to exercise one's ingenuity as to the best way to proceed, is healthy. To give to one man all the planning work, to another only routine execution; to subdivide tasks into stupidly minute divisions—these are not ways calculated to stimulate initiative and interest.

The instinct which makes us carry through with alacrity a self-chosen task, when we rebel at the same task forced upon us by someone else, is one notably human. The practical bearing of this is twofold. People must be given a greater measure of choice of occupations, which can come about only with longer general and technical training; and they must be allowed wider latitude in the choice of particular jobs, and in ways of working at those jobs.

The instinct to do a piece of work in the easiest way, to save labor, is inherent in organisms which more often than not follow lines of least resistance. Out of this grows our hatred of waste. To conceive that human beings love the old, laborious ways so much that, when easier and more rapid ones are disclosed, they will deliberately turn from them, contradicts all experience. *Guarantee all displaced workers other work at pay, hours, and working conditions equally favorable*, and watch the increase in demand for and supply of labor-saving devices.

The instinct of self-preservation is fundamental; and equally so is the instinct to propagate and to provide for one's family. Both can be satisfied only where there is permanent employment with adequate earnings. We have already suggested that greater permanence of employment waits upon more discerning internal management of business, and upon better organization in the labor

market. Adequate earnings will result from strong organization, determination of wage rates by the collective bargaining of joint boards, high productivity, social insurance during weeks of idleness due to accidents, disability, sickness, or unemployment.

In a word, it is contradictory to the deep predispositions of men—contrary to what we know of human nature—that industry should be at the same time despotic and efficient. And more, in order for it to be wholly efficient, industry must be wholly democratic—in the sense of affording to all concerned the impulse and inducement to contribute their best, and to assume full and equal responsibility as members of a close-knit society.

All points of view lead to two main conclusions: (*a*) industry must become an actual and working partnership, with full representation and consent of all involved; (*b*) to this end the immediate demand upon each industry is that it be so conducted that all workers be trained as rapidly as possible into a sense of responsibility, into good judgment, into full play of all capacities.

A sense of responsibility and judgment, like other human accomplishments, develops only with exercise. There must be a sharing of real responsibility, an actual chance to use judgment. Industry must have a definitely educational motive, and this education must be toward full and equal participation in the control of industry.

Already trade unions are a highly educative force. Potentially the organization of labor, let it assume what forms it will, assures the workers' participation in control. Ultimately this is indispensable to efficiency, since efficiency is humanly impossible unless operation is either under the direct or representative control of all the affected parties. In due season the outgrowth of the full organization of labor will be democracy and efficiency in industry.